

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN ROSALIE (ROSIE) BUZZAS**, on February 9, 2005 at 3:30 P.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Rosalie (Rosie) Buzzas, Chairman (D)
Rep. John E. Witt, Vice Chairman (R)
Rep. Tim Callahan (D)
Rep. Eve Franklin (D)
Rep. Bill E. Glaser (R)
Rep. Ray Hawk (R)
Rep. Cynthia Hiner (D)
Rep. Verdell Jackson (R)
Rep. Ralph L. Lenhart (D)
Rep. Walter McNutt (R)
Rep. Penny Morgan (R)
Rep. John L. Musgrove (D)
Rep. Rick Ripley (R)
Rep. Jon C. Sesso (D)
Rep. John Sinrud (R)
Rep. Janna Taylor (R)
Rep. Jack Wells (R)

Members Excused: Rep. Carol C. Juneau, Vice Chairman (D)
Rep. Christine Kaufmann (D)

Members Absent: Rep. Joey Jayne (D)

Staff Present: Jon Moe, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 35, 2/4/2005; HB 76, 2/4/2005;
HB 548, 2/4/2005; HB 550, 2/4/2005;
SB 240, 2/4/2005
Executive Action: SB 240

HEARING ON HB 550**Opening Statement by Sponsor:**

REP. JONATHAN WINDY BOY (D), HD 32, opened the hearing on **HB 550**, a bill to fund the Montana Youth Leadership Forum (MYLF) for students with disabilities. Currently, 5,432 Montana high school students are in special education, and they are often a population that is overlooked. People with disabilities have an unemployment rate of 70-75%. Due to low self-esteem, youth with disabilities have a higher drug and alcohol abuse rate; they also have the highest school dropout rates in Montana. Traditional leadership training programs, such as Boys' State and Girls' State, are not available, nor accessible, to youth with disabilities. The mission of the Montana Youth Leadership Forum is to identify students with disabilities who have exhibited leadership skills and to equip them with additional training so they may become leaders by example. In 2000, Montana held its first Youth Leadership Forum, and over the past five years dozens of high school students with disabilities have completed the program. The Forum has been held on the campus of MSU-Billings, and funds have been provided through a variety of donations and grants. He said that they are seeking to have a public-private partnership in the funding of this program.

Statistically, 75 Montana youth have completed the MYLF program, the retention rate of those who have completed the program is 97%, 16 have gone on to college, 13 are employed, 32 are still in high school. Alumni have gone on to serve on the President's Council on Employment of People with Disabilities, serve as a Congressional Intern, speak at state and national conferences about the program, and build a network of peer support for each other.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 3.9}

Proponents' Testimony:

June Hermanson, Director, Montana Youth Leadership Forum, said that in 1988 she went to a federal training to learn how to conduct a youth leadership forum. At that time, the federal government provided seed grants for the start-up of these programs. This curriculum was developed because of the belief that it is important for disabled youth to learn where they fit into society. While attending MYLF, the participants develop a leadership plan, a career plan and a resource plan to reaching their goals. They learn that it is not only their right, but their responsibility, to be included in society and reach their full potential.

After the forum, the staff follows up with the alumni for a year. They have a dedicated group of volunteer staff from all walks of society, who donate a week of their summer to MYLF. Over the years, they have received support from the Office of Public Instruction and a great deal of support from St. Vincent's Hospital Billings. They provide the medical equipment necessary for these youth to participate. The Billings community has stepped forward to support MYLF, but it is a statewide program and they need public assistance to give the program stability. MYLF is a prevention program; it teaches these young people how to build their self-worth, to understand where they are in the disability community and to take pride in who they are.

EXHIBIT (aph32a01)

Bruce Sun Child, Vice Chair, Chippewa Cree Tribe, said that his tribe supports HB 550. For tribes in larger Montana communities, this is an important program that will provide the opportunity for young people with disabilities to empower themselves and become leaders. As a tribal leader, he said that he understands the importance of being empowered in order to live and govern with ideals of self-determination. For people with disabilities, self-determination means to have the ability to make decisions that impact every part of their lives. He said that he feels that MYLF will provide the opportunities for young Montanans with disabilities to set their paths in how they will live their lives and prosper

{Tape: 1; Side: A; Approx. Time Counter: 3.9 - 11.3; Comments: Rep. Jayne entered hearing}

Kayla Legare, former MYLF delegate, said that this program has made the biggest impact on her life. She said that she was taught to be a leader, to be proud and to believe in herself. When she started at Helena High School (HHS), she was ashamed of who she was, and became isolated. While attending MYLF, she met other kids with disabilities and she learned from them and from the staff. She is now a senior at HHS and is making a difference in her community because of what she learned at MYLF. She talks to her classes about being blind, has enrolled in different opportunities, and is proud of her leadership abilities.

Sierra Lode, former MYLF delegate, was introduced and spoke via her laptop computer. She said that she is a junior in high school and is taking college courses; she believes her attendance has increased people's awareness of disabilities. She stated that she has testified before at the Legislature on disability issues and that she is proud to be a teacher and a leader. Participation in MYLF taught her that the most important task was to develop a leadership plan, which helps her to organize her goals. She completed and was selected to go to Washington, D.C.

to attend a national leader network. She said, "I know that I can be a leader in my community."

REP. KIM GILLAN said that her son is a MYLF volunteer counselor, and the experience has changed his life. She said that MYLF is a phenomenal program and needs public money so that more delegates can attend.

Tess Raunig, former MYLF delegate, said that she has cerebral palsy and over the past two years, MYLF has been a huge part of her life. It helped her to develop a plan for her life outside of high school. Kids in general often feel they have no one to talk to or no one understands them; but particularly youth with disabilities feel this way. MYLF provides a safe environment where they can share feelings and experiences on a range of topics. They learned how they can help themselves in a society that is not always kind to people with disabilities. Working this past year on the Leadership Team, she learned that the MYLF budget was very tight, and money appropriated from HB 550 would be very helpful.

Scott Flakne, former MYLF delegate, said that he is from Plentywood and has Attention Deficit Disorder. Attending MYLF was fun and exciting; it gave him the opportunity to meet lots of new friends. He understands that the program has had to make budget cuts, resulting in fewer students being able to attend. He explained that he works at a group home and has a better understanding of working with people with disabilities.

{Tape: 1; Side: A; Approx. Time Counter: 11.3 - 26.2}

Sarah Eyer, parent of a MYLF delegate, said her son Mick, who is deaf, reluctantly attending MYLF at her urging. Within the disability community, there are prejudices against people with different disabilities; she said her son exhibited those characteristics. He attended the form and returned saying, "I love these people." MYLF helped him to overcome his prejudice of developmentally disabled people. She said that MYLF taught Mick that he could become a leader. Mick is now attending a college of 30,000 students, where he has chaired deaf intramurals and incorporated girls' teams, held offices in his fraternity and student organizations and was president of the deaf students organization. In these leadership roles, Mick has advocated for people with a variety of disabilities, similar to those kids he reluctantly attended MYLF with five years ago. She said, "MYLF has changed my son's life, and he has used these skills to change other's lives."

Cayce Eisentraut, former MYLF delegate, said that MYLF creates a support system and helped to change her life. People with

disabilities and their families often have financial problems. She said that MYLF saves lives by encouraging people to keep going, and creates a support system of people who are always there for you.

Crystal Howard, former MYLF delegate, said she is dyslexic and prior to attending MYLF, was ashamed of her disability. The self-esteem sessions at MYLF helped her to speak out and to gain the confidence to explain her dyslexia to others.

{Tape: 1; Side: A; Approx. Time Counter: 26.2 - 32.6; Comments: End Side A}

Gene Hermanson, former MYLF delegate, explained that as students get ready to graduate from high school, they have lots to look forward to and lots of questions about their transition into the real world. People with disabilities have even more important issues, like transportation, accommodations in college, etc. MYLF gives these students the resources they need so that they can answer these questions and succeed in life. In small Montana communities, many of these students may be the only one in their school with a disability. You might not be able to interact with students who are having similar problems. MYLF provides them with the opportunity to meet other people who are going through the same problems, and you can share your experiences and learn from one another.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 4.7}

Michael Beers, former MYLF delegate, began his testimony by taking a picture of the Committee and saying, "That's going on my fridge." He said that he had been reluctant to go to MYLF, because he assumed it would be too patronizing, but went because he thought it would look good on his resume. The staff was people with disabilities teaching the program, and he had never before had teachers that he could relate to. They became good role models for him. He said that he learned about the disability culture and knows that it is his responsibility to advocate for other people with disabilities. For the one week these students are at MYLF, they are the "majority," which is very empowering.

Charlie Briggs, Montana Association of Independent Disability Services and Montana Association of Rehab, said that it would be hard to add anything more than what the Committee just heard from the voices of the delegates. This appropriation would strengthen civic engagement, citizenship development and builds community.

Anita Roessmann, Montana Advocacy Program, said that her group is a legal advocacy group for people with disabilities. She said that she has just saw the future here and it is bright. HB 550

proposes a state partnership with MYLF; this would be very appropriate so that Montana can develop these leaders to show us the way.

Bob Maffit, Montana Independent Living Program, said that he has been blind for 35 years and has developed a career of working in disabilities. Over the years, he has often wished that his clients had a better perspective on disabilities, in terms of what they could do, what might be possible, or to seek out others with disabilities that might be of benefit to them. He said that it is common sense to give these youth with disabilities the opportunity to become responsible citizens and engaged in their communities. These effective leaders inspire a vision and model the way. MYLF helps them to develop a healthy understanding of disabilities.

{Tape: 1; Side: B; Approx. Time Counter: 4.7 - 16.5}

Beki Brandborg, MYLF volunteer, said she has volunteered as a MYLF staff member for the past five years. She said that MYLF is a launching pad, sending these students out to have a complete different life.

Carl Schweitzer, Montana Association for the Blind, said that he and his niece, Kayla Legare, started a Braille business. Since attending MYLF, Kayla has grown in her leadership skills, which will make their business successful.

Marlene Disburg, MYLF facilitator, said that she has participated in this program since its beginning. MYLF teaches these people to believe in personal responsibility.

Tom Osborn, North Central Independent Living in Great Falls, asked the Committee to support HB 550.

Evelyn Oats, Vocational Rehab, Chippewa Cree Tribe, said she supports HB 550. Working with Indian youth, she said that sees the need for opportunities for them to understand the strengths they have to build healthy and independent lives. "What they need are good role models, opportunities for self-awareness and building self-esteem; and MYLF would provide these opportunities."

Chris Falinkidy, Children with Developmental Disabilities, Region Four and Five, rose to say they support HB 550.

Sara Singer, said that as a sister of two brothers who are developmentally disabled, she asks the Committee to support HB 550.

Opponents' Testimony: None

Closing by Sponsor:

REP. WINDY BOY said that over the years he has tried to encourage and empower others who are less fortunate, as a payback for the successes he has had in his life. HB 550 is an opportunity for the Legislature to help this population and give them the empowerment they so deserve.

{Tape: 1; Side: B; Approx. Time Counter: 16.5 - 24}

HEARING ON HB 548

Opening Statement by Sponsor:

REP. DAVE GALLIK, HD 79, Helena, opened the hearing on **HB 548**, a bill to increase the statutory appropriation for emergencies and disasters from \$16 million to \$25 million. He said that he was bringing forth this bill at the request of Governor Schweitzer. In current law, the Governor is authorized to expend from the General Fund an amount not to exceed \$16 million in any biennium for emergencies. These types of emergencies include fire, flood, snowstorm, mud slides, drought, explosions, etc. If the cost of an emergency exceeds \$16 million, then the Legislature would need to be called into special session to give the Governor additional authority to deal with it. This actually occurred in 2002, and that short special session cost the taxpayers over \$300,000.

Proponents' Testimony:

Amy Sassano, Governor's Office of Budget and Planning, said they support HB 548 as an important tool for the Governor in addressing emergencies that may arise in a biennium. Increasing the appropriation to \$25 million, plus having an \$80 million ending fund balance, will allow the Governor to have the funding to back an emergency declaration. The most visible use of this appropriation over recent years has been for forest fires. The State's share of this cost has ranged from \$2 million in 2002 to \$33 million in 2004. The Governor needs a way to appropriate for these emergencies, if the need arises.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. JAYNE asked if they were be asked to appropriate an additional \$9 million and the Governor uses it if necessary. **Jon Moe, Legislative Fiscal Division,** said HB 548 would increase the

statutory appropriation, which is the amount the Governor can spend on an emergency without further legislative approval.

Closing by Sponsor:

REP. GALLIK said the emergency appropriation, if necessary, would be funded from the ending fund balance. That is why the Governor has recommended leaving \$80 million in the ending fund balance.

{Tape: 1; Side: B; Approx. Time Counter: 24 - 32.6; Comments: End Tape 1}

HEARING ON HB 35

Opening Statement by Sponsor:

REP. LARRY JENT, HD 64, Bozeman, opened the hearing on **HB 35**, a bill to raise Highway Patrol (HP) officer salaries in order to increase retention. The bill would also eliminate vacancy savings for the HP, which would put 14 new officers on the road beginning July 1, 2006. It establishes a law enforcement index, by taking the average of the pay rates of sheriff's officers in the seven regional offices. This index will be paid for by assessing \$5 on each vehicle registration, which would be placed in a special revenue account. The sole purpose of that account is to implement HB 35. He said that the dedicated revenue account would assure that the funds are always available for staffing the HP and paying the law enforcement index.

Proponents' Testimony:

Paul Grimstad, Colonel of the Montana Highway Patrol, said they have experienced retention and recruitment problems over the past several years. These problems are caused by vacancy savings, officer pay and division staffing. The legislatively mandated vacancy savings requires 14 positions to be held open. This results in more officers spending time on call-outs, working more overtime and it affects response time to emergencies. In the past 11 years, 179 troopers have left the MHP; 42% retired, 40% went to other law enforcement agencies for higher salaries, and 17% received disability retirement, resigned or were terminated. In comparing HP salaries to the average sheriff's officers salaries in eight counties, the differential is \$4.50. The law enforcement index presented in HB 35 would require the HP beginning salary to match the average beginning salary of those eight counties.

The source of funding for HB 35 would be a \$5 fee assessed on each vehicle registration. Estimating that 1,313,483 vehicles

will be registered in 2005, that would result in \$6,567,416 to the special revenue account. In a 1979 study, the Montana Highway Patrol was estimated to be 90 officers below minimum and 174 officers below the optimum recommended for our state. In the past 30 years, the population of Montana and the numbers of registered vehicles has increased by over 32%, yet the number of HP officers has decreased from 220 to 206.

For the Montana Highway Patrol to be effective on the road they need a "presence," which they do not currently have. The funds provided by HB 35 would allow them to incrementally increase the size of the HP to the needed levels. Projections show that over a seven year period, the special revenue account could sustain the needed pay increase to keep pace with the pay index and provide funding for new officers, equipment and training. Their plan is to make the first payroll adjustment in FY 2007 and add 20 officers to the HP.

EXHIBIT(aph32a02)

{Tape: 2; Side: A; Approx. Time Counter: 0 - 19.5}

Bill Slaughter, Director, Department of Corrections, said that having served previously as Sheriff of Gallatin County, he recognizes the dangers of being a Montana Highway Patrolman. Many times they work together with local law enforcement in dangerous situations. Sheriff's departments will often look to the HP when recruiting for new officers. Vacancy savings increases overtime for public safety agencies.

Tom Schneider, Montana Public Employees Association, said that his group represents Montana Highway Patrol officers and they support HB 35.

Jon Metropoulos, Farmers Insurance, State Farm Insurance, American Insurance Association, Farmers Union Mutual Insurance, said that the insurance companies think safer highways in Montana is a good idea.

Jim Kemble, Montana Association of Chiefs of Police, Montana Police Protective Association, said that although passage of HB 35 will dry up their pool of prospective officers, they support it. The work of the HP is greatly appreciated for the protection of the public.

EXHIBIT(aph32a03)

Tom Butler, Montana Highway Patrol, said the 350 members of the Association of Montana Highway Patrolman support HB 35. It would create an equal playing field for all law enforcement in Montana.
{Tape: 2; Side: A; Approx. Time Counter: 19.5 - 25.8}

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. SINRUD asked if, instead of raising special fees, they moved funding into the General Fund. It would create a base that could not be reduced, but would always be there. **REP. JENT** said after much deliberation, the interim committee felt a dedicated special revenue account would be the most consistent source of funding. HB 35 has much support as it is currently written and he said that he would like to leave it a written.

REP. SINRUD said the fee collected in 2006 would be placed in the special revenue account and disbursed in 2007. He asked if an actuary has determined how long the fund balance would remain sound. **REP. JENT** said that no actuarial analysis has been done. The Department of Justice has reviewed the numbers and have said that it would be able to fund six to eight new officers on the HP.

REP. SINRUD asked what affect the passage of HB 447, the pay plan, would have on the HP pay. **REP. JENT** said HB 447 would give the HP officers an increase in 2006, and HB 35 would give them an increase in 2007. Thereafter, any increases to their salaries would be based upon the law enforcement index.

REP. MORGAN asked why HB 35 states that watercraft and snowmobiles will be charged fees of \$20.50, when they fall under the "lifetime registration."

{Tape: 2; Side: A; Approx. Time Counter: 25.8 - 32.6; Comments: End Side A, Tape 2; Rep. Kaufmann entered hearing}

Larry Fasbender, Department of Justice (DOJ), said that when they made their revenue estimates for HB 35, they took into consideration the 20% decline in registrations due to the "lifetime registration." They project that 23,000 boats, ATVs and off-road vehicles will not be included in the \$5 registration fee. **REP. JENT** said he would be comfortable with the Appropriations Committee taking action to make sure HB 35 does not include recreational vehicles.

REP. SESSO asked if the \$5 registration fee is the best and most equitable means of funding HB 35. **Colonel Grimstad** answered that they needed a funding source that would be sustainable over a period of time; they did not think the General Fund would be able to accomplish that. The HP, DOJ and the insurance industry all felt that the \$5 registration fee would be the most appropriate source of funding.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 11.8}

REP. JAYNE asked if the request to be removed from vacancy savings requirements has been discussed with the subcommittee dealing with the HP. She also asked if this request comports with the Department of Corrections handling of vacancy savings.

REP. JENT said the interim subcommittee on the HP discussed vacancy savings and made the recommendation to exempt the HP.

Bill Slaughter said that a law enforcement that responds on a 24/7 basis, is negatively affected by vacancy savings. A good manager, who manages financial resources well, is disciplined through the supplemental; whereas a poor manager of money gets their supplemental funded anyway. He said that it is hard to manage an agency if you do not have the ability to move your resources when things change.

REP. WITT said that earlier today there had been a discussion regarding \$1.50 fee on vehicle licensing, and now they are discussing an additional \$5.00 fee. He asked if the DOJ has other issues and/or problems that needs to be addressed at the expense of motor vehicles. **Larry Fasbender** said the DOJ always tries to find a source of revenue for anything new they propose. The discussion earlier today did not deal with vehicles, it involved the records that are supplied to insurance companies. When insurance companies request these driving records of their insured, the access fee would be increased by \$5 in order to cover some other costs at the DOJ. They feel that this would alleviate some pressure on the General Fund. In this particular case, the fees would go into a special revenue account; but in other instances, they go into the General Fund. The Appropriations Committee then reviews those programs every two years and determine whether or not they want to continue.

REP. WITT said that it would be possible for the Committee to use those funds; i.e., the \$1.5 million that was discussed this morning that was being freed up to go into the General Fund, to supplement this bill for the HP. **Larry Fasbender** said, "Yes," but if that was done, there would not be funds available for the Drug Task Force. This morning's discussion involved the issue of lost funding to the Drug Task Force, which had not been identified until after the decision package process, and they were trying to find a source of revenue to cover it.

{Tape: 2; Side: B; Approx. Time Counter: 11.8 - 22.3}

REP. RIPLEY said he did not think HB 35 would help with retention in the HP since the problem appears to be with officers with 20 years of experience leaving. **Colonel Grimstad** said they are not losing long-term officers, they are losing officers with 0-5 years of experience. Exit interviews with those officers leaving indicate that it is because of low pay. As far as retaining the

experienced officers, he said that it would depend upon the range of increases throughout the ranks.

CHAIRMAN BUZZAS asked if the only money going into this special revenue account would be the \$5 per vehicle registration. She also asked if there would be a cap on the fund, or if it would continue to grow. **REP. JENT** answered, "Yes," just the \$5 fee would be included. They do not anticipate any increase in the fee beyond the \$5, nor will there be a cap on the fund. In the bill, it suggests that an annual report will be given to the Legislative Audit Committee on all positions in the HP. When it is determined through this annual report that the HP has reached an adequate level of staffing, then the legislature may want to terminate the special reserve fund. **Jon Moe** said all special reserve funds are monitored by legislative staff, and if balances are excessive, then it will be raised as an issue within the budget analysis process.

Closing by Sponsor:

REP. JENT thanked **REP. MORGAN** for catching the error in HB 35 whereby recreational vehicles were assessed the \$5 registration fee. He stated that he thought the special revenue account established through HB 35 was the fairest way of getting the job done.

HEARING ON SB 240

Opening Statement by Sponsor:

SEN. MIKE COONEY, SD 40, Helena, opened the hearing on **SB 240**, a bill to clarify status of existing InterCap loans.

{Tape: 2; Side: B; Approx. Time Counter: 22.3 - 32.6; Comments: End of Tape 2}

He reminded the Committee that passage of SB 240 will require a two-thirds vote of the House. The Legislative Audit Division recently disclosed that there are problems with the legality of certain InterCap loans authorized by the legislature, since they are considered state debt. The legislature has increasingly used this program as a convenient way for state agencies to access low-interest loans.

The InterCap program is funded entirely by private investors. The Board of Investments borrows the funds via the issuance of tax-exempt bonds that are re-marketed annually in March. These bonds have been popular with investors, and the Board has always found ready buyers for the entire bond portfolio. However, any

cloud of doubt hanging over the loans that fund the bonds, could have a detrimental effect upon the Board's ability to market \$84.3 million in InterCap bonds in March 2005. SB 240 clarifies the status of the loans in questions by considering them state debt, and with the immediate effective date, their status will be clarified prior to the re-marketing of InterCap bonds. This bill has no fiscal impact and does not increase, nor decrease, the current debt owed by the listed agencies. Nor does it change the funding sources required to retire the debt. These loans were authorized by the legislature and made under the prudent expert principal governing the Board of Investments. If SB 240 does not pass, rating agencies could lower the bonds' rating, resulting in a higher interest rate that would be passed onto state and local government borrowers. The Board of Investments has stated that they will not approve any new InterCap loans until SB 240 is passed by both the Senate and the House and sent to the Governor for his signature.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 6.4}

Proponents' Testimony:

Carroll South, Board of Investments, said the Board of Investments has been "an innocent bystander in the mess we are trying to fix." They simply made the loans that had been authorized by the legislature. However, the Legislative Audit Division's opinion has since determined that the loans were not properly authorized. He said that the Board of Investments has a fiduciary responsibility, not only to the bondholders, but also to the borrowers. Unfortunately, they have had to shut the loan program down until this issue is settled. He said that a unanimous vote from the legislature would tell the rating agencies that they are all behind the bonds.

Opponents' Testimony: None

Closing by Sponsor:

REP. COONEY said that he cannot stress enough the importance of this bill. The State has had a very good bond rating and we do not want to do anything to jeopardize it.

EXECUTIVE ACTION ON SB 240

Motion/Vote: REP. WITT moved that SB 240 DO PASS. Motion carried unanimously.

{Tape: 3; Side: A; Approx. Time Counter: 6.4 - 13.6}

HEARING ON HB 76**Opening Statement by Sponsor:**

REP. ROSALIE (ROSIE) BUZZAS, HD 93, Missoula, opened the hearing on **HB 76**, a bill to establish a budget stabilization fund, authorizes how the money can be spent and provides a cap on the fund. This bill was requested and recommended by the Legislative Finance Committee. Section 1 of the bill states that other than the \$16 million that the Governor is authorized to spend for emergencies, any other expenditures from the fund would require a two-thirds vote by both houses of the legislature. Section 2 states that it will be funded by 1% of the actual unrestricted revenue collections received in the completed fiscal year. At the end of the biennium, 100% of the previous two years' revenues in excess of the most recent General Fund revenue estimating resolutions for that biennium can be deposited into the fund. If it resulted in the budget stabilization account reaching a sum of 10% of the previous two years' average General Fund revenue, then the amount of unanticipated balance in excess of the 10% limit must remain in the General Fund. This would result in a cap on the fund of approximately \$145 million.

Forty-seven states have adopted similar rainy day funds, and these funds have sustained them through tough budget years. The Montana Legislature does not budget for things such as forest fires, which can result in unforeseen expenses as high as \$45 million. Homeland defense may be a new unforeseen expense, which could be astronomical. A budget stabilization fund will help the state to meet these unknown and unforeseen shortfalls. HB 76 is a result of the five similar bills that were introduced in the 2003 session. It was designed by a bi-partisan group and received strong support on the House floor. The Interim Finance Committee unanimously supported this bill this session. She said that she is aware that there are three other bills that propose a rainy day fund, and recommended that HB 76 be held in Committee until all three bills have been heard. Then the Committee should combine the best provisions of the three bills and recommend one bill to move forward. The fiscal note for HB 76 brings up some important clarifications that need to be addressed.

Proponents' Testimony: None

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. WITT asked about the previous bill they heard, which raises from \$16 million to \$25 million the amount the Governor is authorized to use for emergencies. **REP. BUZZAS** said that if that bill passes, then they could change the language in HB 76 to reflect the change in the statute.

{Tape: 3; Side: A; Approx. Time Counter: 13.6 - 20.1}

ADJOURNMENT

Adjournment: 6:15 P.M.

REP. ROSALIE (ROSIE) BUZZAS, Chairman

MARCY MCLEAN, Secretary

RB/mm

Additional Exhibits:

EXHIBIT ([aph32aad0.TIF](#))